

Message Text

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PAGE 01 ASUNCI 03561 011155Z

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TO SECSTATE WASHDC PRIORITY 0987

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FOR: PROTOCOL

E.O. 11652: N/A

TAGS: PDIP

SUBJ: HOST COUNTRY REQUIREMENTS FOR AUTOMOBILE LIABILITY INSURANCE

REF: STATE 189095

1. BEST INFORMATION AVAILABLE INDICATES THE FOLLOWING
ANSWERS TO QUESTIONS POSED IN REFTEL. COMMENTS
FOLLOW THE SAME FORMAT AS QUESTIONS IN REFTEL.

A) LIABILITY INSURANCE IS REQUIRED BY LAW ONLY FOR
PUBLIC TRANSPORTATION FACILITIES, I.E., BUSES.

B) NOT APPLICABLE.

C) THE FOREIGN MINISTRY REQUIRES BY REGULATION, WHICH
HAS THE FORCE OF LAW, THAT MISSION VEHICLES AND
VEHICLES OF MISSION PERSONNEL BE COVERED BY
LIABILITY INSURANCE. A COPY OF THE POLICY MUST
BE ON FILE BEFORE LICENSE PLATES CAN BE ISSUED.
OFFICIAL MISSION VEHICLES ARE COVERED UNDER A
FLEET POLICY.

D) SEE ABOVE. POST HAS IN EFFECT A MISSION
MEMORANDUM WHICH REQUIRES THAT ALL MISSION
PERSONNEL OBTAIN LIABILITY INSURANCE ON PERSONNEL
VEHICLES.

E) NO. SUIT WOULD BE BROUGHT AGAINST THE INSURED

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ASUNCI 03561 011155Z

PERSON, BUT THE INSURANCE COMPANY SUBROGATES THE
LIABILITY.

POLICIES REQUIRE THAT THE COMPANY BE NOTIFIED IN
CASE OF ACCIDENT, AND ALSO THAT THE COMPANY BE
NOTIFIED IF AND WHEN SUIT IS BROUGHT AGAINST THE
INSURED. INSURED PERSONS ARE PROHIBITED FROM
MAKING SETTLEMENT OF ANY CLAIM. THE COMPANY RETAINS

THE RIGHT TO NEGOTIATE ANY SETTLEMENT. THUS, IN EFFECT, THE SUIT WOULD BE HANDLED BY THE COMPANY. PARAGUAY IS NOT A SIGNATORY TO THE EUROPEAN CONVENTION ON COMPULSORY INSURANCE AGAINST CIVIL LIABILITY IN RESPECT OF MOTOR VEHICLES.

F) THE INSURANCE COMPANY COULD REJECT RESPONSIBILITY FOR NONFULFILLMENT OF CONTRACT STIPULATIONS (FAILURE TO NOTIFY OF ACCIDENT OR SUIT). IT WOULD THEN BE UP TO THE INSURED TO ASSUME DEFENSE, LATER SUING THE INSURANCE COMPANY FOR RECOVERY.

G) THE INSURANCE COMPANY, BY SUBROGATION, DEALS DIRECTLY WITH THE INSURED PARTY.

H) AS A PRACTICAL MATTER, ALL MISSION PERSONNEL CAN OBTAIN INSURANCE. THEY ARE CONSIDERED GOOD RISKS BY INSURANCE COMPANIES. HOWEVER, IT IS POSSIBLE TO REFUSE INSURANCE; I.E., IF THE APPLICANT CANNOT OBTAIN A DRIVER LICENSE, OR HAS A RECORD OF HABITUAL DRUNKENNESS, ETC. NO ASSISTANCE IS PROVIDED BY THE HOST GOVERNMENT IN THE PROCUREMENT OF LIABILITY INSURANCE.

I) MISSION EMPLOYEES GENERALLY PAY LOWER RATES FOR INSURANCE THAN CITIZENS OF THE HOST COUNTRY, BECAUSE THEY ARE CONSIDERED BETTER RISKS. FURTHER, MISSION EMPLOYEES CAN OBTAIN COVERAGE NOT OFFERED TO HOST COUNTRY CITIZENS. FOR EXAMPLE, MISSION PERSONNEL ARE OFFERED COVERAGE AGAINST LOSS OF PROFIT BY THE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ASUNCI 03561 011155Z

INJURED PARTY. THIS IS NOT NORMALLY OFFERED TO CITIZENS OF THE HOST COUNTRY. AT PRESENT, MISSION PERSONNEL PAY ANY TAXES LEVIED BY THE HOST GOVERNMENT.

J) THERE IS A MORE OR LESS STANDARD POLICY ISSUED FOR LIABILITY COVERAGE. HOWEVER, AS MENTIONED EARLIER, BECAUSE MISSION PERSONNEL ARE PREFERRED RISKS, ADDITIONAL COVERAGE IS AVAILABLE: I.E., LOSS OF PROFIT TO THE INJURED PARTY, OR HIGHER LIMITS OF LIABILITY COVERAGE THAN THAT NORMALLY OFFERED TO A HOST COUNTRY CITIZEN.

K) THE HOST GOVERNMENT DOES NOT REQUIRE ADVANCE WAIVER OF IMMUNITY FROM LIABILITY FOR COVERED ACTS.

L) NOT APPLICABLE. SEE ABOVE.

M) THE LOCAL INSURANCE SYSTEM WORKS SATISFACTORILY. CLAIMS ARE SETTLED TO THE SATISFACTION OF ALL CONCERNED. MOST, IF NOT ALL, SETTLEMENTS FALL WITHIN THE RANGE OF LIABILITY COVERAGE, WHICH IS FAR BELOW U.S. STANDARDS. FOR EXAMPLE, G1,000,000 IS A COMMON AMOUNT OF LIABILITY INSURANCE. THIS CONVERTS TO SLIGHTLY LESS THAN \$7,700.

N) MOST HOST COUNTRY WORKERS ARE COVERED UNDER THE INSTITUTO PREVISION SOCIAL, A GOVERNMENT SPONSORED

HEALTH BENEFITS AND RETIREMENTS PLAN. THERE IS
ALSO A WORKMENS' COMPENSATION PLAN SIMILAR TO THAT
IN THE UNITED STATES. UNDER THESE PLANS, MEDICAL
BENEFITS WOULD BE PROVIDED TO THE INJURED PARTY.
IN THE EVENT OF PERMANENT PARTIAL OR TOTAL DISABIOITY,
THE INJURED PARTY COULD BE ELIGIBLE FOR A PENSION
UNDER WORKMENS' COMPENSATION IF THE DISABILITY
WERE WORK-CONNECTED. THIS PENSION WOULD BE
PAID FROM INSTITUTO PREVISION SOCIAL FUNDS.
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